

<p align="center"><b>2003-2004</b> <b>ANNUAL REPORT</b></p>
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## SPECIAL REVENUE FUNDS (CONT'D.)

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### Vehicle Maintenance and Operations Fund

The Vehicle Maintenance and Operations Fund accounts for the operation, maintenance and replacement of all City vehicles and equipment.

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#### *Vehicle Maintenance and Operations Fund*

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Percent Variance</b>
<i>Revenue</i>	\$ 17,709	\$ 16,246	\$ (1,463)	(8.3%)
<i>Expenditure</i>	20,939	20,429	510	2.4%
<i>Fund Balance (est. *)</i>	3,392 *	3,033	(359)	(10.6%)

The negative revenue variance of \$1,463,000 primarily reflects lower than anticipated revenues from replacement charges and lower than budgeted results in the vehicle maintenance and operations departmental charges categories. During 2003-2004, all vehicle replacements continued to be suspended pending completion of a review of the current replacement policy and schedule by the City Auditor and General Services Department. As a result of this review, savings from fleet expenditures were identified. Thus, the revenues and associated expenditures for vehicle replacements were much lower than budgeted.

The positive expenditure variance of \$510,000 primarily reflects savings in vehicle replacement, inventory purchases, and administrative costs.

The negative ending fund balance variance (\$359,000) primarily reflects less revenues collected compared to estimated levels from vehicle maintenance and operations fees. The downward adjustment to the fund balance will not impact operations in 2004-2005 due to the significant ending fund balance in this fund in 2004-2005.

It should be noted that the actual fund balance is \$1,491,000 lower than the budgetary fund balance that is estimated to be reported in the 2003-2004 Comprehensive Annual Financial Report (CAFR). The fund balance used for budgetary purposes does not include the change in beginning and ending Materials Inventory balances and Unrealized Gains and Losses for estimated liabilities. These non-budgetary items are, however, incorporated into the CAFR fund balance figure.